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RUEATRS/DEPT OF TREASURY WASHDC
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STATE FOR EAP/CM and OES
STATE PASS USTR FOR WINELAND
JAKARTA PLEASE PASS TO BALI CLIMATE CHANGE USDEL

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SUBJECT: MONGOLIA URGED TO GET SERIOUS ON DEFORESTATION

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11. SUMMARY: Mongolia has lost more than 10% of its forests since 1990, according to Government of Mongolia (GOM) reports, and the problem is getting worse. Fires, illegal logging, forest mismanagement and other factors are threatening important ecosystems and wildlife. Past efforts by the GOM to manage forest resources were confused and ineffective. The GOM passed a new Forestry Law earlier this year, but no concrete follow-up action has been taken. The deforestation problem, seen by many as a looming crisis, was addressed at a November 13 conference in Ulaanbaatar. Government officials, Parliamentarians and NGO participants focused on the development and implementation of a national action plan, the Europe and North Asia "Forest Law Enforcement and Governance" (FLEG) program, aimed at combating illegal logging and other forest crimes within the framework of the Saint Petersburg Declaration. The GOM's adoption of that declaration in 2005, its stated intention to abide by FLEG, and the passage of the Forestry Law may signal a new willingness to face the issue earnestly. But capacity and implementation remain questionable. If Mongolia is to effectively manage its forests, it will have to do more than simply sign international agreements. END SUMMARY

12. On November 13, more than 60 people, including Parliamentarians, Government officials and NGO reps, gathered in Ulaanbaatar to discuss Mongolia's growing deforestation crisis. Talks centered on the development and implementation of the FLEG national action plan. Delegates called on the GOM to take serious steps toward implementing the new Forestry Law, passed in May. They noted that the GOM lacks control over Mongolia's forestry industry and called it crucial for the GOM to take immediate action to bring about responsible management. Delegates also pointed out that Mongolia's forests could make a valuable contribution to the country's economy, if managed properly.

LAW REQUIRES ESTABLISHMENT OF A FOREST AGENCY

13. On November 25, 2005, the GOM signed on to the Saint Petersburg Declaration, in which participating countries agree to work individually and jointly to take action against illegal logging and associated forest crimes. Participants agree to adopt the FLEG action plan that commits the country to enhance its forest law, regulations and policies, and to modify them in conformity with international laws and regulations. Mongolia followed up by passing the Forestry Law in May 2007. However, to date there has been no concrete action taken, according to NGO reports, despite repeated calls from international donors and NGOs that the GOM implement the legislation swiftly. The law orders the establishment of a Forest Agency to centralize planning and policy for forested areas that previously had been administered by a variety of ministries and local governments. The Forest Agency, which is expected to be set up in the coming months, is intended to do the following:

- Develop a national forest management plan that would protect forested areas and determine how much timber may be harvested in each province;
- Integrate this forest management plan with long-term planning for land and water resources;
- Get local communities involved in the management of forest resources, partly by issuing special contracts that give them "ownership" over forests in their areas;

14. According to the GOM, forests cover 12.7 million hectares (ha), or 8.1%, of Mongolia's territory - an area roughly the size of Nicaragua. The forests are mainly located in the north-central parts of Mongolia, forming the most southern extension of the east

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Siberian taiga and constituting a transition zone to the saxaul scrub forests of the Central Asian steppe desert. Some 37%, or 4.7 million ha, of Mongolia's forests are classified as primary forest (the most bio-diverse form of forest), while 28%, or 3.6 million ha, are considered degraded.

FOREST AREAS SHRINKING

15. A looming deforestation crisis has resulted from a combination of forest fires, illegal logging, overgrazing, mining, improper management, poor enforcement of forest legislation, damage by pests and diseases, and climate change. The GOM and local communities seem largely unprepared to deal with the situation. According to the World Bank, Mongolia lost approximately 4 million ha of forest in the last century, an average of 40,000 ha annually. However, following the collapse of the Soviet system and the loosening of forestry controls, an average of 82,700 hectares of forest per year disappeared between 1990 and 2000 -- an average annual deforestation rate of 0.72%. Things then went from bad to worse. Between 2000 and 2005, the rate of deforestation increased by 7.6% to 0.77% per annum. Overall, between 1990 and 2005, Mongolia lost 10.8% of its forest cover, or around 1.24 million hectares. At the current rate and without proper reforestation, Mongolia could see its forests vanish completely within the next 150 years.

INCREASE IN MAN-MADE FOREST FIRES

16. Forest fires have, by far, the most serious impact on Mongolian forests. Most of the country's forest fires have been caused by natural factors (lightening strikes) but more and more are being attributed to human activity; specifically, fires that get out of control, started by herders, hunters and antler collectors. Reduced precipitation has also led to drier conditions that enable forest fires to spread. According to the GOM, Mongolian experienced 90 forest fires in 2006, which burned over 400,000 ha -- double the reported area for 2005. The World Wildlife Federation (WWF) states that between 1990 and 2000, about 7.52 million ha of forest

experienced fires, with 1.6 million ha being completely lost because of slow regeneration and the replacement of fire-damaged forests by non-forest ecosystems.

ILLEGAL LOGGING TAKING A TOLL...

17. Illegal and unsustainable logging is depleting and degrading resources in accessible forest areas, particularly those near urban areas. Despite Mongolia's low population density, there is increasingly high demand for timber, both for use in construction and manufacturing, as well as for fuel-wood to support a growing population. There are also concerns that the depletion and degradation of the southern forests may be contributing to desertification.

... AS DOES MISMANAGEMENT

18. NGO and academic researchers say Mongolia's forestry sector is in disarray following the breakdown of central authority in 1991 and the institutional inadequacies, weaknesses and mismanagement of the post-socialist period. The GOM did not have the capacity to protect its forested areas, although all forests in the country are state-owned. Consequently, the illegal logging industry grew. In 2006, the GOM issued licenses for the harvesting of 617.2 thousand cubic meters of timber, only 25% of the estimated consumption/demand of about 2.5 million cubic meters annually. Although estimates of annual wood consumption vary widely, due to a lack of reliable data, it is widely believed that some 1.9 million cubic meters of timber

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were illegally harvested in 2006 alone.

STEPPE, DESERT AREAS EXPANDING

19. In addition to logging, a long-term, cyclical drying and warming of the climate is causing a slow northerly retreat of forests, as steppe and desert zones expand. According to the WWF, high mountains, tundra and taiga regions are expected to decrease by 0.1% to 0.5% in 2020, and by 4-14% in 2050. The area of forest steppe may shrink by as much as 3% in the first quarter and 7% in the second quarter of the 21st Century. In the south, heavy pressure on the limited resources from grazing and timber collection is leading to severe depletion of shrub forests. One million ha of forest is said to be affected by forest insects and diseases, and 200 thousand ha of forest needs to be restored.

110. On a number of levels, Mongolia has identified deforestation as a serious problem, but the country has had trouble translating that into concrete action. One of Mongolia's objectives under its Millennium Development Goal commitments is the development of strategies to slow the progress of deforestation. Mongolia's New National Development Strategy also prioritizes effective and sustainable management of forests. Every year, Parliament sets aside funds for the reforestation of 100 thousand ha of land, but these efforts have been plagued by inefficiencies and corruption. (The same could be said for the "Green Wall" reforestation project launched in southern Mongolia in 2004. It was aimed at building a wall of trees that would hold back the advance of the Gobi desert.) So far, only 215 thousand ha of forest has been treated, and 70 thousand ha forest has been restored for last 10 years.

COMMENT

111. If Mongolia is to effectively manage its forests, it will have to do more than simply international agreements. The FLEG national action plan will have to gain awareness and traction, and a realistic plan to address illegal logging (and associated trading and corruption) needs to be developed. The Forest Law should be fully implemented in a way that will involve all stakeholders, including timber-harvesting communities and the private sector. Meanwhile, local communities -- poor and lacking the financial resources to undertake extensive forest management -- will have to be educated and empowered. This will require, first and foremost,

funding and political will from the powers that be in Ulaanbaatar,
not to mention greater involvement by the international community.
END COMMENT.

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